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Portugal: Armed Forces in Search of a Role

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A Research Paper

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April 1983*

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A Research Paper

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the National Intelligence Council. Comments and
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**Portugal:
Armed Forces in
Search of a Role**

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Overview

*Information available
as of 4 April 1983
was used in this report.*

The Portuguese military is a force in transition. From a position of political leadership following the revolution in 1974, it has passed through a period of less direct but still important influence. It is now adjusting to a new constitution and National Defense Law under which it must submit to civil authority and play a very limited role in political life. From a force numbering more than 260,000, designed primarily for counterinsurgency operations in Portugal's African colonies, it has been cut to a force of about 67,000 with a topheavy grade structure and worsening morale.

Portuguese military and civilian leaders have focused on NATO as a means of rebuilding the armed forces and providing them with valid missions, as well as modern equipment and training. They hope that involvement with NATO will help smooth the transition from active political involvement to professionalism.

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The Allies—aware that Portugal during the revolutionary period was very close to leaving or being forced out of NATO—have been sympathetic to Lisbon's desire to modernize its armed forces. They recognize that the Portuguese economy, wrecked by the revolution and the loss of the colonies, could not provide the bulk of the funding necessary.

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Despite substantial assistance from the Allies—particularly the United States and West Germany—Portuguese forces remain poorly armed and unable to fulfill most of their NATO missions. Some force improvement programs have been partially realized, while others have barely gotten off the ground. For example:

- A 4,400-man brigade has been created for reinforcement of northern Italy, although it remains short of critical equipment. Fulfillment of plans to create additional brigades will depend wholly on outside assistance.
- Air Force ground attack capabilities have been built up by the transfer from West Germany of a large number of old G-91 attack aircraft and the delivery, through US assistance, of one squadron of modernized A-7s. Portugal and its allies have not been able, however, to come up with a plan to provide modern air defense aircraft.

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- A 1977 plan for Alliance-wide funding of several modern frigates, which would assure the Navy a continuing capability to participate in Alliance Atlantic defense programs, has foundered. The Allies have had difficulty meeting the costs of an increasingly expensive program, and the Portuguese were unable to organize a complex undertaking, make decisions, and stick with them. [REDACTED]

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Portuguese military leaders know that their country's most significant contribution to NATO is its willingness to allow the Allies, especially the United States, to use its facilities. Lajes Air Base in the Azores is particularly important for antisubmarine warfare operations, maritime reconnaissance, and facilitation of airlift to Europe and the Middle East. Until recently, the Portuguese have allowed almost unrestricted use of their facilities. [REDACTED]

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Despite the assistance they have received since 1976, the conclusion most officers seem to have reached is that Portugal's contribution to NATO has been largely unappreciated. They note that countries like Spain and Morocco, which have not been "faithful allies," have been able to drive hard bargains for limited use of their facilities. [REDACTED]

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Although we do not believe that a marked shift in the orientation of Portugal's foreign policy is in the offing—Lisbon has no realistic alternatives for assistance to modernize its armed forces—frustration could make Portugal a more difficult and less reliable ally, both within NATO and in the bilateral relationship with the United States. Lisbon's decision in April 1982 to deny for the first time a US request to transit Lajes may be a harbinger of future Portuguese prickliness. [REDACTED]

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**Portugal:
Armed Forces in
Search of a Role**

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A Military in Transition

Since 1974 the Portuguese military has had to adjust to the loss of its leading role in the country's political life. For some 19 months in 1974-75, a group of left-leaning midlevel officers held power, bringing about far-reaching changes both within the military and in Portugal's economic, political, and social life. Following a counter coup by more moderate officers in November 1975 and the restoration of civilian rule in 1976, the armed forces accepted a diminished, although still substantial, role. At the end of 1982, however, they were legally barred from further involvement in politics.

With the end of Portugal's colonial empire, there was no further need for a huge military establishment; moreover, the economic impact of the loss of the colonies and the economic chaos resulting from the revolution dictated contractions. As a result, an armed forces of more than 260,000 men—most of them engaged in fighting counterinsurgency wars in Africa—has declined to about 67,000 men. (See table 1.) At the same time, the military lost its principal *raison d'être*.

Career Frustrations in a Shrinking Military. Problems affecting military morale—low pay, old equipment, the lack of a credible mission, and sliding prestige within Portuguese society—have been worsened by the dramatic cut in the personnel strength of the armed forces since the revolution. In a profession where promotion already was slow and dependent almost totally on seniority and time in grade, the contraction of opportunity brought about by the large reduction in force provoked frustration and apprehension. There have been repeated protests by regular military officers against the "milicianos"—those who entered the military in large numbers during the colonial wars with only brief military courses following graduation from civilian universities. This problem should gradually fade because the miliciano corps was abolished in February 1981 and only 100 of these officers remain on Army rolls. Nevertheless, tension periodically

**Table 1
Portuguese Armed Forces—
Then and Now**

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	1974	1982
Defense spending (as percentage of estimated GNP)	6.4	2.9
Personnel strength	264,500	66,700
Army	227,000	44,600
Navy	18,000	12,500
Air Force	19,500	9,600

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erupts at promotion time—not only between regular and miliciano officers, but also over any promotion widely perceived as unfair or politically motivated.

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In addition, the sharp reduction in force has caused a topheavy grade structure and career bottlenecks in the officer corps and among noncommissioned officers. Many who could retire will not do so because of the weak economy and poor opportunities outside the military. At the same time, in the view of many Portuguese military men and foreign observers, those who have left the service since 1974 include some of the most able officers and men. Some moderate officers were pushed out during the revolution, and some leftwing officers were separated or relegated to "do-nothing" jobs after the moderates regained power.

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¹ The armed forces leadership, however, regards the departure of most leftist officers as no great loss in terms of the impact on capabilities. A 1981 law forcing the military to accept several of them back in service caused considerable dissension because of its presumed impact on discipline and morale.

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Given the resources Portugal is able to expend and the limits to allied assistance programs, the armed forces may have to be cut even more. We believe the Navy and Air Force already are about as small as they can be if they are to continue as traditional military services. The Army, on the other hand, probably could be further reduced to good effect—provided that its units are consolidated and redirected to NATO missions. This would require the army to abandon its territorial defense role and leave internal security duties to the police. We believe that historical ties remain strong between Army regiments and the towns in which they are located and that most Portuguese—particularly those in the armed forces—are unready to abandon the military's historical role in Portuguese life completely. [redacted]

Adjustment to a Diminished Domestic Political Role.

From the counter coup in 1975 until late 1982, the military had a legal role through the Council of the Revolution,² although the Council's leftist political character made it increasingly unrepresentative of the military as a whole and often put it on a collision course with the military leadership. The armed forces have also continued to exert a residual influence through President Eanes. The Army has remained his chief political base, and he used his ability to name service chiefs and his direction of the military chain of command—without reference to elected government officials—as political tools. [redacted]

During 1982 two major laws were passed that effectively ended the political involvement of the armed forces, institutionalized civilian supremacy, and limited the power of the President. A major revision to the 1976 constitution promulgated in October 1982 abolished the Revolutionary Council and replaced it with a 16-member Council of State whose membership includes only one military man. In October, a new National Defense Law implemented in detail the general concepts of the constitutional revision. [redacted]

² The Revolutionary Council, composed of armed forces officers, many of them Armed Forces Movement leftists, grew in 1975 out of earlier revolutionary organizations to play a guiding role in the country's political development. Under the 1976 constitution, which reestablished civilian rule, it advised President Eanes on a broad range of questions and had supreme authority in military matters. It also was the institutional defender of the revolution and had the ultimate word on the constitutionality of legislation passed by the Assembly—a role in which it repeatedly ran afoul of government officials and legislators. [redacted]

The National Defense Law brings the armed forces firmly under the Defense Minister by giving him authority:

- To coordinate and present to Parliament the overall defense budget.
- To define and execute overall national defense policy.
- To propose to the President the nomination and dismissal of the Chief of the Armed Forces General Staff, the Vice Chief of Staff, and the service chiefs of staff (selecting from among three names recommended by the military Council of Chiefs of Staff).

The armed forces retain considerable autonomy in internal service matters, particularly in promotions below flag rank. The new legislation, however, has broken the direct line that ran from the individual service chiefs and the Chief of the General Staff to the President and imposed a new degree of unified direction. Moreover, although the US Defense Attache observes that the legislation falls well within the boundaries of normal civilian-military relationships in democratic countries, the two laws mark a profound change in the status of the armed forces and the power of their leaders. [redacted]

Following passage in October 1982 of the law revising the constitution, the military appeared to have accepted the changes with relatively good grace. The government's original proposal for a National Defense Law was discussed in September with the armed forces leadership. A number of amendments sponsored by the Socialist Party were passed during Assembly consideration, however, and military leaders became convinced that the amended bill went much too far. [redacted]

[redacted] they weighed in energetically with President Eanes, who also disliked the legislation because it affected his own authority. [redacted]

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[redacted] According to the US Embassy, military units throughout Portugal wrote memorandums attacking the law—a type of activity not seen since 1976. [redacted]

[redacted] Eanes outlined his own dissents in a lengthy memorandum to the Assembly that accompanied his veto. [redacted]

The President vetoed the law in mid-November, but the Assembly quickly voted to override his veto by more than the required two-thirds majority. The Assembly also decisively defeated a number of proposals that would have made the legislation more acceptable to the military. [redacted]

A residue of bitterness over this battle ensures that civil-military tensions will persist as the new arrangements work themselves out. Distrust and disdain for the machinations of party politicians have often been evident in the views of Portuguese military officers; rancor over the new law and anxiety about its effects are likely to exacerbate this underlying tension. [redacted]

Nevertheless, we believe that the armed forces will adjust to their new status eventually. Much will depend upon the sensitivity with which the cabinet and the Assembly exercise their new powers. The speeches by military and civilian officials marking the promulgation of the National Defense Law on 21 December were conciliatory. [redacted]

Because normal political life has been interrupted since the fall of Prime Minister Francisco Pinto Balsemao's government in early December, there is little basis for judging how the new relationships are working in practice. The caretaker government did not use its authority under the defense law immediately to replace Melo Egidio or any of the service chiefs—an action that press reports as well as US Embassy reporting indicate had been widely expected by Portuguese and foreign observers. Thus, a situation with considerable potential for disruption was averted. Nevertheless, in refusing to act, the cabinet stated

that it did not consider the five days allowed to have run out and that it was leaving the matter for a future government to decide. [redacted]

In any case, the new legislation is likely to make the military even more prickly than before about its interests—particularly in the budgetary area. The Chiefs of Staff, in our opinion, will expect the government to protect the military budget in the face of competing social needs and to press their demands energetically in bilateral and multilateral negotiations. (See pages 13-14. [redacted])

We believe that the Portuguese military is firmly “back in the barracks.” Its current leaders—including President Eanes—were among the moderate, “operational” officers who were anxious in 1975 for the armed services to abandon politics. They probably are also aware that there is little public sentiment for a return to military rule. [redacted]

Military discipline, which all but collapsed during the revolutionary period, appears to have been restored. Accordingly, we expect the armed forces to continue to acquiesce in the restoration of firm civilian control over the military. At the same time, the Portuguese tradition of open discussion within the military remains alive. Last summer, for example, a group of leftist officers protested the abolition of the Revolutionary Council. Afterward, [redacted]

[redacted] more than 100 Army officers called the Army Chief of Staff's office to complain about this public act of “indiscipline” and to advise the Chief of Staff on how he should respond. [redacted]

[redacted] this activity represented a “cultural peculiarity” that was unlikely to threaten Portuguese democracy. [redacted]

The notion that the Portuguese military is the ultimate guardian of the system endures, however, particularly within the armed forces. In a public retort in 1979 to politicians who complained about Army criticism of party politics, then Army Chief of Staff Pedro Cardoso said, “The Army cannot do anything against the people—the Army is the people.” His

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words probably reflected a generally felt military sentiment. We believe, however, that only a period of prolonged economic and political instability could again impel the armed forces to act against the civilian government. [REDACTED]

Focusing on NATO

Since 1976, Portugal's military leaders have focused on the NATO connection to give the armed forces a new sense of mission. As their bilateral and multilateral discussions during that period made clear, these officers were aware that the military was not ready to fulfill NATO missions; all three services had been organized and equipped to fight counterinsurgency wars, their equipment was old or inappropriate to European operations, and they had little training or experience in the kind of interservice planning and operations necessary to conduct modern warfare. They also knew that the economy was in no condition to provide the funding necessary to build a new, modern military. [REDACTED]

During and just following the revolutionary period, Portugal and its armed forces assumed an international importance out of proportion to the country's small size and limited resources. The prospect that a NATO member might slide into the Communist camp riveted attention on Lisbon. Following the counter coup, Portugal's allies were deeply interested in buttressing the new government, encouraging the transition to civilian rule, and reinforcing the Alliance tie. [REDACTED]

Portuguese leaders knew then and now that the most significant contribution their country can make to NATO is to provide access to Portuguese facilities, and they have generally been forthcoming about making them available. Lajes Air Base in the Azores is particularly important: its location provides the United States with irreplaceable facilities for conducting naval reconnaissance and antisubmarine warfare operations against Soviet targets in the mid-Atlantic. (See figure 1.) The airfield is a vital transit point for aircraft on NATO-related missions and for the US Rapid Deployment Force. Although Lisbon has insisted on case-by-case approval for transits to Middle Eastern and Southwest Asian countries, the Portuguese have—with only one exception—allowed use of the base for such flights. The Department of

Defense estimates that Lajes and a civilian airport on another island would support almost 1,900 flights during the first 30 days of a NATO-Warsaw Pact conflict, while an emergency in southwest Asia might require 1,360 airlift sorties and 1,370 tanker sorties during the first 30 days. Although expensive air-to-air refueling technically could surmount loss of access to the base for refueling stops for some locations, the tanker aircraft that are available would be fully committed elsewhere during a full-scale emergency. [REDACTED]

Portuguese facilities also are available to other Allies. [REDACTED]

[REDACTED] The West German Air Force uses Beja Air Base in southern Portugal for year-round fighter pilot training, and the United Kingdom trains small ground force contingents at Santa Margarida, home of the Portuguese "NATO Brigade." [REDACTED]

Ovar Air Base in mainland Portugal has been set aside for NATO use in an emergency, and NATO port facilities are under development at Porto Santo in the Madeira Islands. The headquarters for NATO's Iberian Atlantic Command (IBERLANT) are located near Lisbon. Finally, Portugal continues to welcome visits by nuclear-powered warships at a time when a growing percentage of the US Fleet is nuclear powered and political pressures in many countries make alternative ports of call fewer. [REDACTED]

In addition to providing facilities, Portuguese military leaders want to build up their military capabilities so that they can at least play a role in defending Portugal and its possessions—especially Lajes Air Base. At the same time, civilian leaders are well aware that the best way to keep the military out of politics is to give it a real military mission. They see bilateral and NATO assistance as the only way they will accomplish these goals, and they see continued use of Lajes and other Portuguese facilities as their only leverage on the Allies. [REDACTED]

The Allies have responded to the Portuguese military's desire for credible missions and the wherewithal to fulfill them. They seized the opportunity in 1976 to

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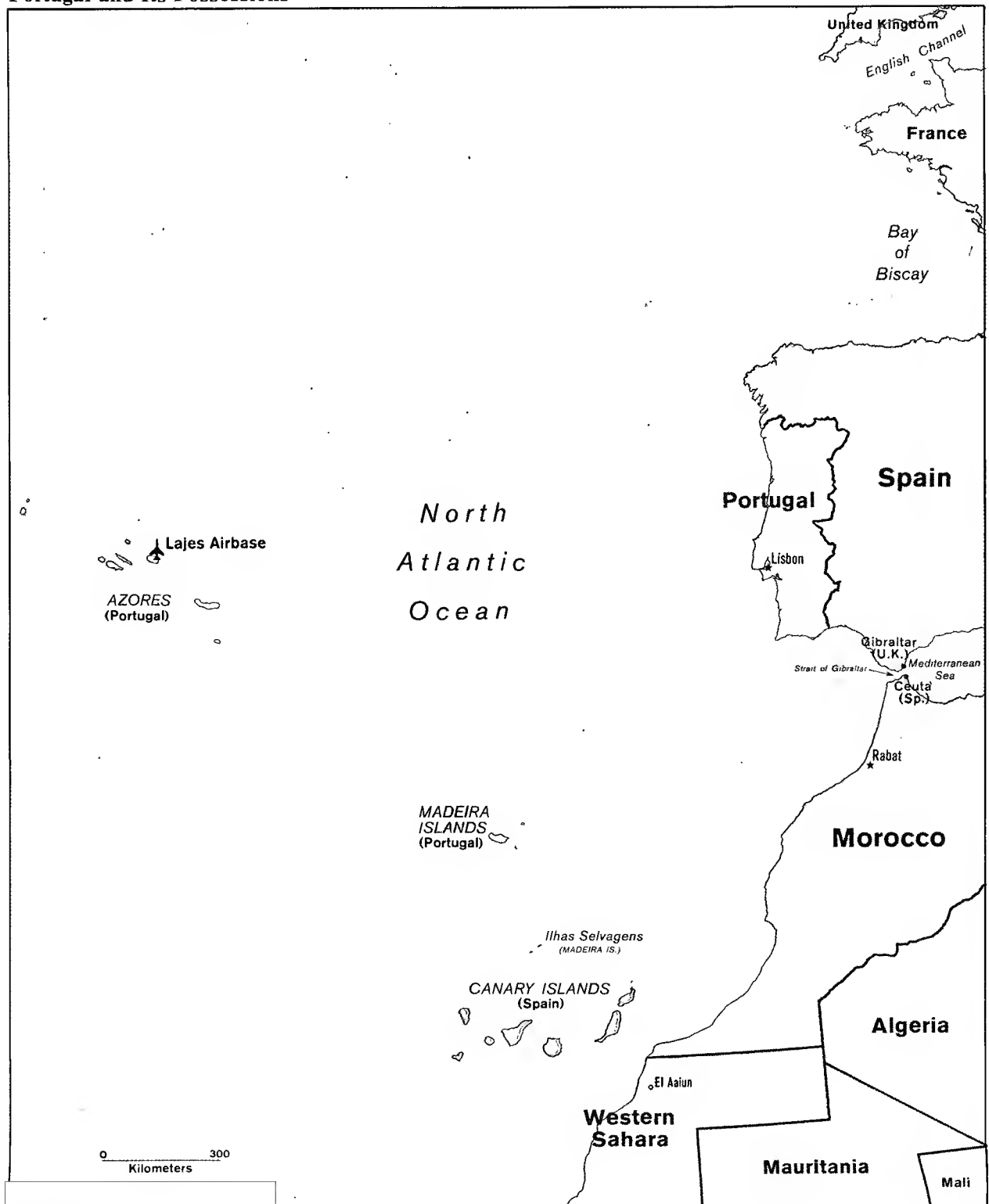
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Figure 1
Portugal and Its Possessions



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help the Portuguese services put together programs that would allow them to provide a series of modest but useful contributions to Allied defenses, and most gave assistance to support those programs. The Allies, for the most part, have agreed with the Portuguese view that their most serious problem is the absence of modern equipment, and they recognize that the Portuguese are in a poor position to contribute substantially to badly needed modernization programs. (See appendix B.)

Alliance Aid Programs

Although there still are bilateral aid programs, the Allies agreed in 1976 to coordinate their efforts through an Ad Hoc Committee on assistance to Portugal and Turkey. The committee worked with those countries to define their needs and identify equipment and weapons available for grant or sale. The objectives of the three Portuguese services have changed little since those early discussions, although Allied views of what was realistic have sometimes clashed with Portuguese aspirations on particulars.

The Allies, in consultation with Portugal, quickly identified the following goals, which would enable Portugal to meet its NATO commitments (see box):

- A brigade-sized, air transportable infantry unit for NATO reinforcement.
- A squadron of medium-range transport aircraft (C-130s) to lift and support the brigade.
- A new generation of combat aircraft to replace the F-86s and G-91s then in service.
- Equipment to upgrade Portugal's obsolete air defense early warning and control system.
- Reconnaissance/antisubmarine warfare aircraft to replace old P-2s that were essentially inoperable after about 1975.
- Three modern frigates, which would provide a continuing blue water naval capability.

The United States and the Federal Republic of Germany—both of which regularly use Portuguese facilities—have provided the most assistance, although almost all of the Allies have given something—usually old equipment about to be retired—and several have provided training programs to the Portuguese forces. (See table 2.) A steadily weakening economy has made it difficult for Lisbon to devote

Table 2
Selected Items of Military Equipment
Provided by the Allies, 1977-82

Country	Number of Items	Type of Equipment
United States	5	M-48 A-5 medium tanks
	86	M-113 A-1 armored personnel carriers
	6	M-109 self-propelled howitzers
	21	TOW launchers TOW missiles LAW antitank weapon systems
	100	90-mm recoilless rifles
West Germany	18	M-48 A-2 medium tanks (upgraded by the US to M-48 A-5)
	18	105-mm towed howitzers
	500+	Vehicles, including more than 240 trucks, 120 trailers, 19 ambulances, one crane, four heavy equipment transporters
	18	M-1 machineguns
	14	Twin 20-mm towed air defense guns
Italy	74	G-91 ground attack and trainer aircraft
	36	Towed M101 105-mm howitzers
United Kingdom	36,000	Rounds of 105-mm ammunition
	32	Ferret armored scout cars
	24	105-mm pack howitzers
	1	Floating bridge
Canada	1	Blowpipe surface-to-air missile launcher (the first of 12 due by the end of 1982)
	35	SS-11 launchers, 1,900 missiles
Belgium	200	1/4 ton trailers
Netherlands	32	106-mm recoilless rifles
	1	Steam shovel
	44	Fire engines
Norway	7,000+	LAW antitank weapon systems

more than nominal resources to military modernization. Therefore, the Portuguese have increasingly focused on the bilateral security relationship with the United States—and to a lesser extent, with West Germany—to meet their needs.

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Portugal's Commitment to NATO

Territorial defense of the Iberian peninsula falls under the Atlantic, rather than European, Command. Service commitments are as follows:

Army

To Allied Command Europe:

- *First Composite Brigade earmarked to Allied Forces Southern Command for reinforcement of northern Italy.*

To Allied Command Atlantic:

- *Azores Military Zone Headquarters is NATO's HQ for the Azores under the Western Atlantic Command.*
- *Madeira Military Zone Headquarters is NATO's HQ for Madeira under the Iberian Atlantic Command.*

The Army is considering contributing a small unit to the ACE Mobile Force, a multilateral force intended for deployment in times of crisis to the Northern and Southern Flanks of the Alliance.

Navy

Ships assigned to the Atlantic Command are five frigates (three on high readiness status), six corvettes (three on high readiness status), all three submarines—one readily available—and an underway replenishment ship.

One frigate is detailed to Standing Naval Force Atlantic on a rotational basis.

Air Force

- *20 G-91R fighter-bombers and five C-130H transports are assigned to the European Command to support the First Composite Brigade.*
- *20 A-7P attack aircraft are earmarked for the Atlantic Command, for use in the Azores. They will be upgraded to "assigned" after the second squadron is available.*

Most Air Force units are listed under "other forces for NATO" and would be provided to the Alliance in wartime.

The NATO Brigade. Until 1975, Portugal had committed to NATO an 18,000-man infantry division for reinforcement of the Central Front. Because the components of the division were scattered throughout Africa, however, the US Department of Defense estimated that it could not have been assembled for duty in Europe in less than six months. As the Army began in 1976 to pull itself together and look to the future, Portugal, in consultation with the Allies, decided to create a new brigade-sized unit, committed to NATO, around which the new Army would be built. The Allies quickly agreed that support for the brigade would be their first priority, and nearly all supplied at least token assistance.

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The brigade was organized during 1976-77 and stationed at Santa Margarida, some 140 km from Lisbon in central Portugal. It has armored, mechanized, and motorized battalions, numbers 4,420 men in peacetime, and has a wartime authorized strength of 4,740.

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The brigade is "earmarked"³ for NATO, and its mission is the reinforcement of Northern Italy. Military officials from NATO headquarters have stated that the brigade is now comparable with other Southern Region units and could be upgraded to "assigned" status, but the Portuguese have argued that continued deficiencies in ammunition stocks and air defense, antitank, electronic warfare, and nuclear, bacteriological, and chemical (NBC) defense capabilities need to be met before the unit can be assigned. They have expressed doubt to NATO officials that this can be accomplished by the target date in mid-1983, but we suspect their unwillingness to assign the unit is a ploy to keep pressure on the Allies to come up with additional equipment. Because only 23 M-48 A-5 tanks have been provided, the brigade has only one tank company instead of the planned battalion. West

³ Under NATO definitions, "assigned" forces are those that members have agreed to place under the operational command or control of a NATO commander at a specific alert stage. "Earmarked" forces are those that the members agree to place under NATO control at a future time.

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Troops from the Portuguese
NATO Brigade exercise with
allied forces [redacted]



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Germany, however, recently made available 43 more M-48 A-2s, which will be converted during 1984-85 to the A-5 model. [redacted]

The unit has participated in a number of exercises with the Air Force, and portions of it have twice deployed to Northern Italy during NATO's Display Determination reinforcement exercises. The Commander of NATO's Southern Region gave the Portuguese high marks following the 1980 exercise and proposed a gradual upgrading of the brigade's participation in succeeding exercises. The Italian representative to the Defense Review Committee recently expressed his government's admiration for the Portuguese contingent that participated in Display Determination 1982. No heavy equipment was airlifted with the brigade, however, and the Portuguese had to use Italian equipment, including tanks and communications gear, much of which was not compatible with their own. [redacted]

* The M-48 A-5 has a diesel engine and a 105-mm gun and is comparable to the more modern M-60 main battle tank. Conversion of the 43 new tanks may take place in the United States, but Greece recently offered to do the job for about \$55,000 per tank. [redacted]

In sessions of the Defense Planning Committee, the Allies have encouraged the Portuguese to develop one or two additional light infantry brigades to be earmarked for reinforcement duties. These would have no heavy or sophisticated equipment. Portugal's transport fleet could independently move such units to their destinations. The Portuguese have accepted the goal in principle—they refer to the NATO brigade as "the first brigade" in Defense Review Committee discussions—but they clearly see the creation of these units as a very long-term objective, to be accomplished after completion of the first brigade and wholly dependent upon outside assistance. [redacted]

Transport for the Brigade. Using US grant aid and the proceeds from the sale of two Boeing 707s, the Portuguese acquired five C-130H Hercules transport aircraft during 1977-78 to lift and support the NATO brigade. These aircraft have a range, with maximum payload, of some 4,000 km (2,160 nm)—more than enough to reach their likely destinations of Northern Italy or the Azores. They can carry only 92 troops, however, and their maximum cargo capability is [redacted]

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about 19 metric tons. Although they can carry some heavy equipment, the C-130s cannot accommodate the brigade's M-48 medium tanks. [REDACTED]

Thus, the Air Force will require substantial assistance to lift the brigade to its wartime destination. Commercial aircraft belonging to TAP, Portugal's national airline, could be used to transport troops and supplies in an emergency, but these aircraft are not fitted to carry heavy equipment.⁵ The Portuguese hope for allied assistance to transport the brigade even though they are well aware that US and other allied transport assets will be heavily engaged elsewhere if war is threatened. [REDACTED]

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[REDACTED] the Portuguese have unofficially broached with NATO officials the possibility of tasking Alliance transport aircraft for assistance and have been unofficially discouraged. [REDACTED]

Portuguese force goals for 1983-85 include the procurement—with outside assistance—of four additional C-130s, to bring Air Force holdings to a total of nine. Nevertheless, we believe that the knowledge that Portugal is unable, both now and later, to fulfill the relatively modest mission it has undertaken undermines the morale of Army and Air Force officers. [REDACTED]

Combat Aircraft. The Portuguese Air Force in 1976 also found itself in bleak straits. Air defense resources consisted of some 20 old F-86 dayfighters due for retirement in 1978. Approximately 40 old G-91 jet aircraft were available for ground attack missions, along with a variety of light aircraft capable of ground support in cases of civil unrest. A substantial number of planes had been abandoned in Africa when the Portuguese pulled out, but the more serious problem was the lack of modern aircraft. [REDACTED]

Planning for Air Force modernization in Lisbon and in Brussels at the Ad Hoc Committee quickly took two directions—one that was "doable," and one that has proved more difficult. First, West Germany agreed to transfer to the Portuguese a number of G-91 trainers and ground attack models that were

⁵ Approximately 36 civil transport aircraft with a takeoff weight of 9,000 kg or more are registered, owned, or operated in Portugal. These include Boeing 707, 727, and 747 aircraft. [REDACTED]

being retired from the Luftwaffe. The first 20 were delivered in 1976. A total of 74 have been transferred to date, with another six still planned for delivery. The Portuguese cannibalized most of these aircraft to produce the approximately 45 G-91s that are operational today. [REDACTED]

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Portugal has been less successful in attempts to replace its F-86 fighters, which had to be phased out in mid-1979 because of their age. Air Force chiefs have tried since 1976 to work out the combination of military assistance and national financing that would allow them to acquire a modern air defense aircraft. Over the years, they have focused on a variety of models, including the US-built F-4 and F-5E, the French-designed Mirage III, and even the Israeli Kfir fighter, but financing problems eliminated all of these options. Unwilling to settle for what they regarded as outmoded hand-me-downs, the Portuguese refused offers of Italian F-104s and Canadian, Norwegian, and US F-5 A's and F-5 B's. In 1977, as a stopgap measure, the US loaned the Portuguese six T-38 Peace Talon trainers to help maintain the competence and the morale of Air Force pilots. [REDACTED]

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Finally, in 1980, the Air Force decided to purchase from the United States 50 A-7P light attack aircraft⁶—two operational squadrons plus six trainers. Although the A-7 does not fill the air defense gap, the United States encouraged the Portuguese to acquire the plane because it supplies a reasonably modern aircraft that offers considerably improved capabilities for close air support and interdiction over those of the old G-91. The first 20 were delivered in 1981-82, at a cost of about \$144 million, most of it in US assistance. Air Force Chief of Staff Lemos Ferreira has been pressing hard for funding of the second squadron, and agreement was reached in January for the purchase of 30 additional aircraft with US assistance. US military officials are concerned because the Portuguese bought the planes without providing for spare parts and maintenance, but Lemos Ferreira evidently hopes that maintenance funds will somehow be obtained. [REDACTED]

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⁶ A-7Ps are modernized A-7A carrier-based light attack aircraft, introduced in 1965. They are being refitted with more modern engines and avionics that make them comparable to late 1960s aircraft. [REDACTED]

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Portugal has promised to commit one A-7 squadron to SACEUR for support of the NATO Brigade and the other to SACLANT to defend the Azores and Lajes Air Base. As with the brigade, however, the first unit will not be assigned until both are available—a decision calculated to enhance Portugal's bargaining position with its Allies. Both units are planned to have ground support and maritime surveillance missions.

In early 1983, as a way of providing some air defense capability, the Air Force decided to modify, with US assistance, the 12 T-38 trainers it now holds so they can carry the Sidewinder missile. Two squadrons of air defense aircraft remain on the books as goals for the period 1984-85, but Air Force officials recognize that they are "pie in the sky" given competing priorities. Once the second A-7 squadron has been acquired, however, we can expect Portuguese officials to renew pressure for air defense aircraft.

The Air Defense Warning and Control System. Portugal's antiquated air defense warning system consists of a 25-year-old network of search and height-finding radars. With only four sites, it cannot cover all of continental Portugal, and communications links are manual rather than computerized.

In 1981 NATO approved a \$100 million program to upgrade the early warning and control system. Bids will be accepted this year, and plans are for construction to be completed in 1985. Modern radars are to be installed at three sites, including one in southern Portugal that will be oriented toward the Gulf of Cadiz—an area that has not been covered before. Automated digital communications will link the Portuguese system to those of other NATO countries including Spain, SHAPE headquarters in Belgium, IBERLANT at Lisbon, and the Portuguese civil air traffic control headquarters. According to the US Air Attache, the new system will give the Air Force a much improved capability to monitor its airspace and national waters and to support NATO air operations.

Maritime Patrol Aircraft. When Portugal's old P-2E Neptune maritime patrol/ASW aircraft were phased out in 1977, the Air Force could no longer fulfill its

NATO maritime reconnaissance mission. Acquisition of six P-3A or B aircraft has been a NATO-approved goal since that time. The Portuguese view the program as important. Some Air Force officers

see maritime reconnaissance as their service's most viable mission because a substantial capability could be achieved with a relatively small number of aircraft, and it is the mission most likely to give them a useful role in NATO. Nevertheless, the program has a funding priority behind the Army's brigade, other competing Air Force needs, and the Navy's frigate program. We think it unlikely, therefore, that it will be accomplished before the end of the decade.

The Frigate Program. Although Navy needs initially took third place to the development of the Army brigade and the search for modern aircraft for the Air Force, naval leaders were determined—as they have repeatedly told US representatives in Lisbon—that their time would come. Without a new class of major surface combatant ships, the Navy's capability for blue water operations, and its ability to contribute to NATO's Atlantic ASW operations, will disappear within the next few years. Portuguese officers believe that the Navy provides Portugal's most natural link with NATO and has the most realistic potential for providing valued services to the Alliance—a judgment with which we basically agree, although the naval assets required are inherently expensive and sufficient resources may not be available from national funds or allied assistance.

The Navy took some relatively inexpensive steps to upgrade and extend the life of ships committed to the Allied Command Atlantic (SACLANT) and participating in NATO's Standing Naval Force Atlantic (STANAVFORLANT).⁷ By 1977, however, the Navy had focused on obtaining Alliance aid to construct six

⁷ Three old da Silva-class frigates (ex-US Dealey-class destroyer escorts), for example, were altered to burn standard NATO diesel fuel rather than heavy black oil. The three ships will become administrative escorts for economic zone patrol next year, however. Their NATO mission will be filled by four 2,250-ton Joao Belo-class frigates, currently being updated with new electronic equipment. None of these ships is large or modern enough to operate for long periods in the Atlantic

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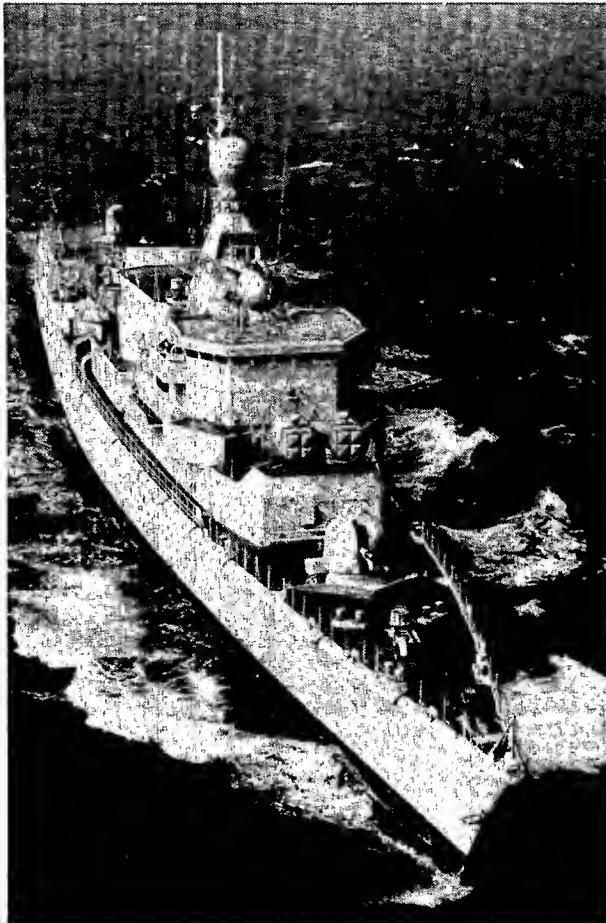
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The Kortenaer—lead ship of the class selected for the Portuguese Navy

modern frigates, which would provide by the mid-1980s a small but capable force for NATO duties. In 1978 NATO's Ad Hoc Group adopted the frigate construction plan as an Alliance program. A variety of frigates were considered, but the Portuguese settled by 1980 on an initial purchase of three modified Dutch Kortenaer-class frigates. Lisbon was to sell four relatively modern corvettes for seed money, and the Allies committed themselves in principle to assist the funding of the program.

In spite of this agreement, the program has gone nowhere and currently is in danger of cancellation. The Portuguese apparently blame the Allies for the lengthy delay. Portuguese officials have complained in NATO meetings and hallway conversations that the

Allies have too often wanted to provide in-kind aid—mostly domestically produced equipment such as engines or electronics—that often was not appropriate to Portuguese needs. Lisbon also has offended some of the Allies, particularly the Germans, by implying in NATO meetings that their assistance was insufficient or might not be reliable over the life of the program.

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We believe, however, that most of the responsibility for the delay lies with the Portuguese. From the outset they have been reluctant to decide upon a program and adhere to it. In early 1982, for example, they suddenly raised with the Germans the possibility of building frigates in German yards, in an apparent effort to obtain more assistance from the FRG—a development that alarmed the Dutch, who had based their substantial offer of assistance on the Portuguese commitment to build the ships in the Netherlands. Lisbon's handling of this program has made clear its lack of experience and technical ability in managing a complex program, meeting planning deadlines, and working with the Allies on their contributions. Finally, Lisbon is reluctant to commit itself to an expensive, multiyear program without absolute assurance that Allied funding would be available in the out years. Portuguese negotiators thus far have rejected the assurances of allies like West Germany and the United States, which cannot legally make multiyear commitments, that they will continue to support the program. This problem has become more severe over time as inflation has driven up the cost of the frigate program (from approximately \$400 million in 1977 to an estimated \$650 million in late 1982).

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We suspect the Portuguese position on the frigate program may reflect a disjunction between the Navy, which is anxious to get construction under way, and the government. Although civilian officials mouth support for the frigates, they may be reluctant to spend the relatively large amounts necessary to fund Portugal's part of the program in spite of substantial allied assistance—especially for the Navy, a less politically potent force in the Portuguese equation. To the extent that this kind of problem is reflected in conflicts over priorities and mixed signals to the

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Allies, the recent reforms intended to unify the services under a defense minister with new authority could help. [redacted]

Portuguese Attitudes Toward NATO and the Allies

Portuguese military officers suspect that the prospects for achieving most of their modernization goals are bleak. In spite of substantial Allied assistance, especially for the NATO Brigade, the message most officers seem to have taken from modernization efforts since 1976 is that Portugal's contribution to NATO is largely unappreciated. In private conversations and in public statements since the mid-1970s, the leaders of all three services have made it clear that they believe Portugal's loyalty to NATO and the United States deserves more support. They view the programs to improve their forces as modest, reasonable, and justified. [redacted]

The Portuguese almost certainly overstate their anxieties and resentments at times to impress on the Allies the importance of generous assistance programs. Nevertheless, although Allied observers sometimes find the Portuguese importuning irritating or resent the kind of bungling and crossed signals evident in the delays in the frigate program, most of them agree with the basic elements of the Portuguese assessment: that the Portuguese forces need modernization if they are to fulfill NATO commitments, that domestic economic resources are too limited to fund needed programs, that Lisbon has been since 1976 a faithful ally, and that Portuguese facilities are important to NATO defense plans and US efforts to stabilize the Middle East and Southwest Asia. [redacted]

Spain's accession to NATO has heightened Portuguese anxieties. Although Lisbon publicly supported Spanish membership, the Portuguese made it clear to the Allies publicly and privately that they would insist on Portugal's pride of place as a founding member and, in addition, that they would never allow Portuguese forces to be commanded by a Spaniard. In both bilateral and NATO forums, they pressed the United States to support giving NATO's Iberian command to Lisbon, and the first Portuguese admiral was installed as CINCIBERLANT in September 1982. They have pressed US officials to support transferring the subcommand for the Azores from WESTLANT to IBERLANT to consolidate their position. They

sought and received NATO funding for an automated air defense warning and control system because they hope to obtain an Iberian air defense command before the far more modern and effective Spanish system can be integrated. Most of all, they want to nail down funding for important military programs, such as the frigates, that would buttress their NATO role. [redacted]

The Portuguese must therefore view the new Spanish Government's freeze on military integration into NATO with a certain amount of satisfaction. A delay of a year or two in bringing Spain aboard would allow time for realization of some Portuguese goals. If Spain should ultimately decide to withdraw, the Portuguese probably would believe themselves better off than before Spanish entry. [redacted]

Both military and civilian leaders monitor US security assistance to other countries closely and use these levels to press for additional aid. They are intensely interested in levels of assistance and somewhat anxious that new facilities in countries like Morocco could reduce the value of Portuguese facilities to the United States. Further, their questions to US officials make it plain that they are offended that some states not formally allied with the United States are able to drive hard bargains for limited use of their facilities, when the Portuguese have been willing to allow almost unrestricted access to Lajes for so many years. Lisbon so far seems to have accepted the fact that Spain receives substantially greater total assistance, especially because it is currently provided in loans and Lisbon is interested primarily in grants. The Portuguese are watching Moroccan aid programs with great interest, however, and are likely to regard the level of that assistance as a floor for their new agreement with the United States. [redacted]

Civilian leaders have reflected the military's anxieties in part because of the important role the armed forces still play in Portuguese politics. They are keenly aware of the military's desire for a valid mission both internally and externally and for the means to fulfill it. Although civilian politicians undoubtedly take satisfaction in the completion of constitutional reform efforts and restoration of civilian authority over the

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military, they believe the country's economic and political health remains fragile. They—like the military—are not convinced that Portugal's allies appreciate that vulnerability. []

Implications for US and Allied Interests

Despite their frustration with bilateral and Alliance support, the Portuguese do not, in our view, have any realistic alternatives. Since the days following the revolution, no one except the Communists has proposed closer ties with the Soviet Union. Although there is an active strain in Portuguese thought that sees Portugal as a kind of "bridge" to the Third World, particularly to the former colonies in Lusophone Africa, these ties are not viewed as an alternative to Portugal's reliance on its NATO allies for military and economic aid. []

We do not believe, therefore, that even continued disillusionment with the Allies is likely to lead to any marked shift in the overall orientation of Portuguese foreign policy toward NATO and the West. The modernization of the Portuguese armed forces and their overall health will remain dependent on the bilateral relationship with the United States and, to a lesser extent, on the association with NATO. These relationships also have a broader importance, given Portugal's fragile economy and the economic and developmental aid provided by its allies. So long as these relationships hold out any hope for continued economic and military assistance, the Portuguese will probably compromise on their most extreme demands and bow to Allied pressures for facilities or other support. []

Moreover, in addition to these pragmatic considerations, most Portuguese military and civilian leaders want to maintain what they regard as a special relationship with the United States and to play a valued role in NATO. The Foreign and Defense Ministers, for example, expressed these sentiments and a willingness to support US initiatives in conversations with several top US leaders during 1982, and US Embassy sources make it clear that these views are evident throughout the military leadership. Portuguese political and military leaders seem to take pride in the support they provide almost across the board on issues like Poland and Afghanistan. Unlike many of

the countries with which the United States has bilateral security relationships, there is widespread public support in Portugal for the tie to the United States. Although they express concern in bilateral negotiations that US financial support must be high enough to elicit military and parliamentary approval, Portuguese Government officials do not seem to worry about public opposition; a 1982 poll showed 66 percent of the people viewed the United States and NATO favorably. US use of Lajes Air Base is generally popular in the Azores, where the base supplies needed jobs and economic assistance, and nearly everyone has relatives in America. []

Nevertheless, we believe there is a real possibility that, if the armed forces continue to feel unrequited, Portugal will become a more difficult and less reliable ally. This trend is already evident in the ongoing negotiations for a new bilateral security agreement. []

[] In a 1982 statement to NATO's Defense Review Committee, Portuguese representative Admiral Tavares said that, if Portugal finds itself unable to defend its territory and interests adequately, it will find it difficult to supply bases or assistance to others. Although such threats are no doubt calculated to increase the pressure on the Allies, we believe the Portuguese are increasingly ready to act on them. []

Lisbon's decision in April 1982 to deny for the first time a US request for a transit through Lajes almost certainly was a shot across the bow. The Portuguese Government also refused to consider, in advance of the negotiations for a new agreement, US requests to expand fuel storage facilities at Lajes to support greatly increased traffic during crisis operations or for contingency access to additional facilities in mainland Portugal. Portuguese negotiators argue that such concessions will increase the threat to Portugal and the Azores and require new defensive efforts by Portuguese forces. In 1982 Lisbon also dragged its heels on

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approval for improved housing for dependents at Lajes, and the Portuguese Air Force base commander has been difficult about allowing even routine upkeep and maintenance activities. [REDACTED]

In early February, the parliament empowered the caretaker government to continue negotiations with the United States for a new security agreement that would simply allow continued use of Lajes, including expansion of the fuel storage facilities there. Given their willingness to press ahead on the basic agreement, civilian leaders, at least, are evidently satisfied—at least for now—with the levels of assistance proposed for 1983 and 1984. It now appears that the basic agreement could be achieved within the next several months. Following the formation of a new government, which may not be completed before summer, a new government is to resume discussions on other elements of the US request—a space tracking site in mainland Portugal and contingency access to several mainland airbases. Although they have been told repeatedly that there are no additional sources for assistance above what has already been proposed to Congress, the Portuguese evidently hope to negotiate these requests item by item, extracting additional assistance for each. [REDACTED]

If the Portuguese are not satisfied with the US offer of a “rising trend” in military and economic assistance for future years, however, we believe they are likely to exercise more active control over the use of Lajes in the future. They may even resort again to refusal of transit requests to make clear how costly their failure to cooperate could be. Portuguese officials already have made it clear to US representatives that they expect more active consultation in the future. [REDACTED]

Given the extent of Portugal's equipment needs and economic problems, and the Allies' own economic constraints, there may inevitably continue to be a tension between Portuguese aspirations and the ability of the United States and its allies to satisfy those aspirations. The Navy, for example, is likely to continue to be frustrated about the lack of progress on the frigate program, while some US military representatives predict friction with Air Force officials over spare parts and maintenance for the A-7s. [REDACTED]

Such frustrations may turn out to be no more than temporary irritants, but US Embassy officials are concerned that, over the long term, they could damage the basic trust and sense of common interest that underlie bilateral and multilateral cooperation with Portugal. There even is a distant possibility that a disaffected military, impotent to carry out its professional duties and fulfill its security missions, could again look to meddling in domestic politics. In that event, frustration and bitterness over security issues could combine with severe economic and political problems to present the Alliance once more with serious instability in Portugal. [REDACTED]

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Appendix A

The Portuguese Armed Forces in 1983

Army

The Army has about 44,600 men when it is at full peacetime strength. Because of the drastic manpower reduction since 1974, about 35 percent of this number are regulars—an unusually large proportion in a conscript-based Army. Conscripts serve for a period of 16 months. The Army has a large pool of recently trained reservists and could be brought to about 90,000 men within 15 days of mobilization. Some 240,000 reservists are available for callup, but the Army lacks the equipment or organization to use all of them. []

The Army's combat forces are organized into one partially air-transportable infantry brigade (the "NATO Brigade") numbering about 4,400 men in peacetime, and 18 battalion-sized regiments—one commando, one armored cavalry, two cavalry, and 14 infantry. These vary from about 600 to 1,200 men. The brigade and the commando regiment make up an elite Maneuver Corps, which is to fill the NATO commitment and provide a rapid intervention capability. These units are under the direct control of the Army Chief of Staff. The rest of the units are essentially a territorial defense force. []

Portugal is divided into four military regions (see figure 2), with additional military zone commands for the Azores and Madeira. []

The Army's greatest strength is that much of its officer corps has had combat experience as recently as 1974-75. The Army has embarked upon a major reorganization and development of the NATO Brigade with great enthusiasm, and the desire among Army officers for improved training and greater professional opportunity is evident. The Army's basic weakness is its lack of equipment, particularly modern weapons and stocks of ammunition (see table 3). There are plans to develop a workable mobilization system and to streamline and modernize antiquated logistic practices. []

Table 3
Portuguese Army:
Major Items of Equipment

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Armor	
M-48 A-5 tank	23
M-47 tank	68
M-5 light tank	15
M-24 light tank	17
M-113 A1 armored personnel carrier	86
Chaimite wheeled APC	87
Artillery	
105-mm howitzer	130+
M-109 55-mm self-propelled howitzer	6
4.5- and 5.5-inch towed guns	50
Large caliber coastal defense guns	38
Antitank weapons	
TOW missile launchers	21 ^a
SS-11 missile launchers	35
M-72 LAW rocket launchers	7,515
Recoilless rifle (75-mm and above)	140
Antiaircraft guns	212+

^a The Army is to receive 42 TOW launchers by the end of 1983.

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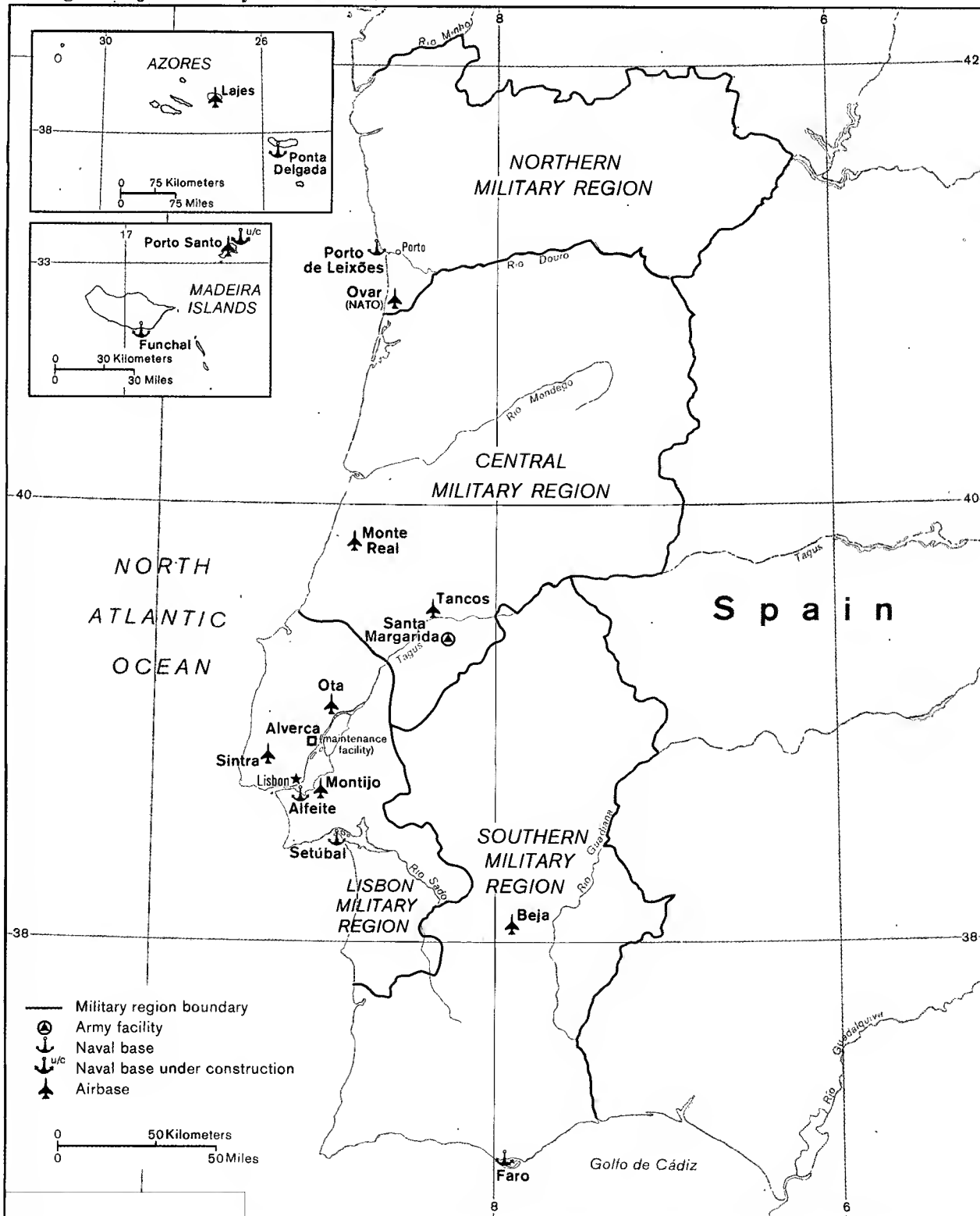
The Army also has on the books a plan for a further reorganization, involving the development of three additional brigades—one for each military region—and a light infantry brigade in each island grouping. Headquarters and staffs are to be created at each military region command, but the brigades themselves will consist of existing regiments. The US Defense Attache has noted the unusual autonomy of Portuguese regiments. Their long historical connections with the cities in which they are located would make

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Figure 2
Portugal: Major Military Installations



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it difficult, in his opinion, to undertake the thoroughgoing consolidation and relocation of units that really is needed. In addition, the regimental training areas are not large enough for brigade-sized exercises, and it is unlikely given economic and political constraints that the military regions will be able to acquire new, larger training areas. In any event, the Army has little prospect of obtaining the new equipment necessary to make the planned brigades effective fighting organizations. []

Navy

The Portuguese Navy has a personnel strength of about 12,500 men, including 2,500 marines. Naval assets include three Daphne-class submarines, seven frigates, and 10 corvettes—only six of which are operational (see table 4). Most of these ships are stationed at Alfeite, Portugal's principal naval base and dockyard (see map). Some patrol craft are stationed at several small naval stations on the mainland, and small patrols of corvettes and motor gunboats are sent to the Azores and Madeira. []

We do not believe the Navy currently has the capability to fulfill its basic missions of defending the Portuguese coast and islands and helping to protect NATO's sea lines of communication. (See the discussion of the NATO frigate program on pages 10-12.) Pending the arrival of new frigates some years hence, the United States has offered to lease to the Portuguese two US combatants—initially Bronstein-class frigates and later Forrest Sherman-class destroyers. The Portuguese have rejected both offers on the basis that the ships would be too expensive to operate. Navy Chief of Staff Admiral Sousa Leitao recently expressed interest in obtaining instead two DeSoto County-class tank landing ships to support the marines, but he is unwilling to bear the \$120 million cost of bringing the ships out of mothballs. US military observers suspect that Navy officials are reluctant to accept the offer of surface combatants because they fear the ships will become a substitute for the new frigates rather than a stopgap solution. []

The Portuguese have no mine countermeasures capability, although they clearly would have a minesweeping mission in wartime. Naval chiefs hope to develop such a capability, but the frigate program has precedence for modernization funds. []

Table 4
Portuguese Naval Vessels

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	Operational	Non-operational/ Reserve
Submarines	3	
Frigates	7	
Corvettes	6	4
Patrol combatants	3	1
Coastal patrol—river/ roadstead craft	18	
Amphibious warfare craft	1	
Minor amphibious craft	14	
Underway replenishment ship	1	
Other auxiliaries	4	
Yard and service craft	1	
Total	58	5

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The Navy and its Marine Corps were known during the revolutionary period as the most activist and leftist of the three military services. Naval leaders have worked hard since 1976 to weed out the worst elements and establish professionalism among the remaining officers and men. Portuguese ships have operated and exercised extensively with those of allied navies, and, in the opinion of US military observers, a series of bilateral exercises between Portuguese and US amphibious forces is rapidly converting the marines into an efficient light amphibious brigade. In spite of residual problems with aspects like logistics and training, we believe the Navy's principal problem is its old, inefficient equipment and its inability to fund both new ships and modern sensors and communications equipment on existing ships. []

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Air Force

The personnel strength of the Air Force is about 11,500 men, including 1,325 paratroops, some 2,500 civilian technicians, and 340 pilots. It fields only two combat squadrons, both ground attack, and 11 other squadrons—one photographic reconnaissance, two transport, two helicopter, three training, two utility and one for search and rescue. []

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Table 5
Portuguese Air Force Inventory

Ground attack/reconnaissance	
A-7P Corsair II	20
G-91R	75 ^a
Transport	
C-130H Hercules	5
Casa C-212 Aviocar	18
Photoreconnaissance	5
Combat capable trainer	
G-91T	19
Trainer	81 ^b
Helicopters	
SA 330 Puma	11
Alouette III	35 ^c
Alouette II	1
Utility	50 ^d
Total	320

^a Only about 45 of these are flyable.

^b These include 30 old DHC-1 Chipmunk prop planes, some 20 of which are flyable.

^c Several of these are on loan to civilian agencies, and the Air Force plans to sell 23 to finance a purchase of 10 Agusta A-109 attack helicopters.

^d Includes 18 Dornier DO-27 in depot, awaiting sale.

Most of the approximately 240 operational aircraft are located at five major airbases in mainland Portugal and at Lajes in the Azores. (See map.) A sixth mainland base, Beja, is used by the West German Air Force, and Ovar is maintained as a NATO-committed facility, although there is no regular flight activity there.

Observers of NATO exercises and allied attaches in Lisbon rate the Portuguese pilots as quite able and aggressive, despite financial constraints on flight time ⁸ and their lack of training on the most modern aircraft. Officers and NCOs with 10 years' duty, moreover, have had counterinsurgency experience in Africa. The Air Force lacks the modern munitions to exploit the full potential even of the A-7s entering

⁸ PAF pilots currently log about 150 hours per year, and AF plans to increase training to 200 hours per year will be difficult to achieve, given resource constraints.

service, however, and stocks of air-delivered weapons are too low to support combat for more than a brief period. Moreover, it will continue to be difficult to maintain effective training for pilots with so few combat aircraft available.

Although the Air Force does surprisingly well at keeping old aircraft in service, lengthy overhaul delays result from dependence upon a poorly motivated civilian work force at Alverca, the principal aircraft maintenance center.

Portugal has no modern air defense missile systems and no interceptor aircraft, although the Air Force is modifying its 12 T-38 trainers so they can carry Sidewinder missiles. The early warning radar system is antiquated and does not cover all of continental Portugal (see page 10).

The paratroop corps consists of a training battalion at Tancos Air Base and two operational companies located elsewhere. This unit—traditionally one of Portugal's elite intervention forces—is considerably reduced from the days when it was a regiment numbering 3,500 men whose political loyalties were potentially critical. The change, in our view, probably is due primarily to the higher priority Air Force leaders have placed on obtaining modern aircraft rather than an intention to reduce paratroop capabilities for political reasons.

The Air Force, including the paratroops, was the most politically conservative and professional minded of the services during the revolutionary period. Air Force leaders have struggled during the years since 1976 to maintain inventories and capabilities that would reinforce that professionalism. General Lemos Ferreira, who has led the Air Force since 1978, has been one of the most persistent and creative of the Portuguese officers who badger US officials about assistance. He has periodically threatened to end the involvement of the Portuguese Air Force in NATO operations on the basis that it no longer had the capability to fulfill such missions. Although they have sometimes found his persistence irritating, US officials respect Lemos Ferreira's ability and dedication and sympathize with his concern for the future of his service.

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Appendix B

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Portuguese Defense Spending
and Economic Constraints

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Allied discussions of Portuguese efforts to meet NATO goals make it clear that the Allies recognize that many valid military requirements are beyond Portugal's realistic economic capacity to provide. The US Ambassador to NATO has noted that the Portuguese have been spending a higher percentage of the national income on defense than many of their more prosperous allies.⁹ Lisbon made a major effort to surpass the NATO goal of a 3-percent increase in defense expenditures during 1979 and 1980, but has been unable to do so since. Overall, Portuguese defense spending has generally held about steady in real terms during the period since 1976 (see table 6), but has gradually been shrinking as a percentage of GNP and of overall public expenditures. [redacted]

Of the money budgeted for defense, the lion's share goes to personnel costs, operations, and maintenance, with little left over for equipment modernization.¹⁰ About 85 percent of the Army and Navy budgets have been used for personnel, operations, and maintenance, while the Air Force has done better—spending about 71 percent of available funds for these purposes. Portugal's current report to the Defense Planning Committee shows an allocation of 6.5 percent of the defense budget in 1981 for major equipment procurement, up from 6.1 percent the year before, but—as the DPC observed—more than three times as much as the Portuguese were able to spend for such purchases during the four years 1974-78. [redacted]

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The Portuguese economy has not been truly healthy since the revolution and the loss of the colonies. In recent years, however, it has deteriorated badly. Inflation for 1982 was about 22 percent, and it will probably run about 21 percent in 1983. Total foreign debt stood at about \$10 billion at the end of 1981, and, in November 1982, the US Embassy reported a further disturbing rise—a current account deficit of about \$3 billion and a debt service ratio approaching 25 percent. Portuguese per capita income, at about \$2,400 per year, is the second lowest in Europe, after Turkey's. [redacted]

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According to US Embassy reports, the Balsemao government last year told nearly all ministries—including the Defense Ministry—that their 1983 budgets would be lower in real terms than in 1982. The government evidently was responding in part to pressures from the International Monetary Fund, from which it was seeking a loan. The defense cut for 1983 could total as much as 8 percent in nominal terms (20 to 30 percent after inflation). Further, the ministries are on notice to expect real declines for the next several years. [redacted]

[redacted] both the Navy and Air Force resent the Army's claim on the largest proportion of the defense budget—about 43 percent in 1982, as opposed to 25 percent each for the other two services and about 7 percent for the General Staff. The services vary in their capability to develop and manage a coherent budgetary planning process. [redacted]

[redacted] the Air Force has done best, while the Navy is far behind—part of the reason for its failure thus far to obtain modern equipment. Air Force Chief Lemos Ferreira is likely, therefore, to resent the fact that the budget cuts this year will fall as heavily on his more efficient budget as they do on the Army's and Navy's. Over the next several years, Portugal's reports to NATO indicate that Army personnel strength will be cut by about 3,000, while the other two services will grow slightly. This may indicate a willingness to direct a greater proportion of resources toward the Navy and Air Force. [redacted] 25X1

⁹ Portuguese defense expenditures as a percentage of GNP were 6.5 percent in 1974—one of the highest in NATO—and as recently as 1976 were 3.71 percent of GNP. [redacted]

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Table 6
Portuguese Defense Spending, 1976-82 *

	1976	1977	1978	1979	1980	1981	1982
Defense budget (millions of escudos at current prices)	17,086	19,652	23,709	29,980	37,655	43,900	49,869
(constant 1974 prices)	12,694	11,574	11,470	11,892	12,998	12,629	12,262
Percentage change from past year (percent)	NA	-8.8	-0.9	+3.7	+9.3	-2.8	-2.9
Percentage of total public expenditures (percent)	13.4	11.2	9.9	9.8	9.0	9.0	8.4
Percentage of GNP at current market prices (percent)	3.71	3.16	3.03	3.01	3.12	3.04	2.87

* Figures for 1976-81 represent actual expenditures. The 1982 data are budgeted figures. They do not include costs of paramilitary forces, pensions, or the defense component of the Foreign Ministry—all of which are included defense expenditures under the NATO definition.

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This year will be the first that a civilian Minister of Defense will coordinate service requests and mold the budget that will be presented to parliament. The new process may enable the Portuguese to do better at setting priorities and making them stick; interservice rivalry for funds has been a serious problem, and there has been no effective means for sorting out the relative merits and costs of the programs on the service wish lists. That rivalry may well intensify, as service chiefs try to pressure a civilian minister both directly and, perhaps, indirectly through political contacts. On the whole, however, the new system should provide the focal point for planning that has been missing.

Because of its economic problems, Portugal has been identified as one of three NATO members—with Greece and Turkey—that require allied assistance to meet Alliance goals. Lisbon has received extensive allied assistance since 1976 (see pages 6-7) and stands to gain still more through the bilateral relationship with the United States and through the NATO frigate program if it ever gets under way.

Because of their economic circumstances, the Portuguese have been resolutely opposed to accepting any assistance in the form of credits. In August 1982, after delaying almost until the last minute, they accepted—for the first time—a \$45 million loan from the United States along with \$20 million in grant aid. Some \$37.5 million in grants and \$52.5 million in guaranteed loans for military assistance have been offered for 1983 in negotiations for a new bilateral security agreement. If Portugal decides to proceed with the frigate program, it will have to accept a substantial amount of additional debt. Reports from and discussions with official US economic and military specialists in Lisbon show they sympathize with the Portuguese reluctance, and such observers agree that Lisbon should not overburden itself with debt for military equipment. At the same time, these observers believe that, realistically, Portugal's willingness to accept some loans is the key to any substantial progress on force improvement goals. Moreover, these observers judge that, with careful planning and budgeting of national and aid resources, the Portuguese could—if willing to accept credits—obtain most of the services' basic equipment requirements.

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